

5:31-1  
LOCAL AUTHORITIES - GENERAL PROVISIONS

**5:31-1.1 Scope**

This chapter shall constitute the rules governing the preparation, introduction, approval, adoption and execution after adoption of any budget by a local authority, the accounting principles and policies for such authorities, the administration of financial affairs of such authorities, the annual audit of the financial statements of such authorities, and financial reporting practices of such authorities under the Local Authorities Fiscal Control Law, P.L. 1983, c.313. This chapter also contains rules for implementing length of service award programs that are sponsored by fire districts for the purpose of maintaining and attracting volunteer firefighter and emergency medical personnel.

**5:31-1.2 Definitions**

The following words and terms as used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise.

"Act" means the Local Authorities Fiscal Control Law, L.1983, c.313 (N.J.S.A. 40A:5A-1 et seq.).

"Authority" means a body, public and corporate, created by one or more municipalities or counties pursuant to any law authorizing that creation, which law provides that the public body so created has at least the following powers:

1. To adopt and use a corporate seal;
2. To sue and be sued;
3. To acquire and hold real or personal property for its purposes; and
4. To provide for and secure the payment of its bonds or other obligations, or to provide for the assessment of a tax on real property within its district, or to impose charges for the use of its facilities, or any combination thereof; but shall not include any public body for which Federal or State fiscal controls differing from those imposed by the Act, have been explicitly established by law, but only to the extent of that difference.

"Audit" means an examination of the financial statements of an authority in accordance with generally accepted auditing standards as promulgated by the American Institute of Certified Public Accountants by the independent auditor or by the Division of Local Government Services engaged by the authority, in the manner more specifically described by these regulations.

"Audit report" means the report on the results and findings of the audit by the independent auditor or by the Division of Local Government Services engaged by the authority.

"Budget" means the budget of an authority.

"Capital budget" means the first year of a capital program.

"Capital program" means a projected, multi-year plan and schedule for capital projects, which shall set forth among other things all prospective financing sources including, but not limited to, proceeds of bond sales, grants and budget appropriations.

"Capital project" means any of the following activities or undertakings which an authority is empowered to bond for, with an estimated useful life of five years or more and a prospective individual or (when added to the cost of other such items as are listed below) cumulative cost in any year of \$25,000 or more, regardless of the financing sources:

1. Acquisition and/or development of land;
2. Acquisition of equipment, furnishings or other personal property;
3. Acquisition, construction, improvement and/or renovation of buildings, roads, utilities, structures improvements or public works;
4. Any other matter for which an authority is empowered to issue bonds.

"Director" means the Director of the Division of Local Government Services in the Department of Community Affairs.

"Division" means the Division of Local Government Services in the Department of Community Affairs.

"Financing agreement" means an agreement of a local unit or units intended to provide security for an issue of obligations of an authority, including, but not limited to, a contract providing for payments by a local unit or units with respect to use, services or provision of the project, facility or public improvement of an authority or payments for debt service therefor.

"Fire district" means a local unit created by a municipality pursuant to N.J.S.A. 40A:14-70 et seq.

"Full membership" means the number of members of the governing body when all seats are filled.

"Fund balance utilized" shall have the same meaning as the term "surplus" as used in N.J.S.A. 40A:14-78.8(a).

"Governing body" means the Board having control of the finances of an authority.

"Housing authority" means an authority created or continued pursuant to N.J.S.A. 40A:12A-1 et seq. Generally, housing authorities exist to provide for housing for qualified individuals in accordance with the rules and regulations prescribed by the U.S. Department of Housing and Urban Development (HUD).

"Length of service award program" or "LOSAP" means a system established to provide tax-deferred income benefits to active volunteer firefighting members of a fire district, pursuant to P.L. 1997, c.388 (N.J.S.A. 40A:14-183 et seq.).

"Local Finance Board" means the Local Finance Board in the Division of Local Government Services in the Department of Community Affairs.

"Local unit or units" means a county or municipality which created or joined in the creation of an authority, or which proposes to create or join in the creation thereof, or which has entered or proposes to enter into a financing agreement with an authority.

"Operations" means all activities of an authority conducted in accordance with N.J.S.A. 40A:5A-1 et seq. and any other legislation governing the affairs of the authority.

"Project financing" means the financing by an authority of a facility for the benefit of the inhabitants of a local unit or units and includes payment for the design and plan for the facility.

"Redevelopment agency" means a redevelopment agency created pursuant to subsection a. of section 11 of P.L. 1992, c.79 (N.J.S.A. 40A:12A-11(a)) or established heretofore pursuant to the "Redevelopment Agencies Law" (N.J.S.A. 40:55C-1 et seq.).

"Security agreement" means a bond resolution of an authority, or a trust indenture to be executed by an authority, or other similar proceeding or document.

"Sponsoring agency" means any fire district which adopts a length of service award program.

"Unreserved retained earnings" means the equity account that represents accumulated earnings which have been retained from an authority operation, and are not reserved for any special purpose, thereby making such funds available as a reduction to total Operating and non-Operating Appropriations.

### **5:31-1.3 Forms and appendices**

All forms, documents, instructions for completion of these forms, and electronic spreadsheet versions on diskette, referenced in this chapter can be obtained from the Bureau of Authority Regulations, Division of Local Government Services, PO Box 803, Trenton, New Jersey 08625-0803, and at the Division's web site at <http://www.state.nj.us/dca/lgspages/dcadlgs.htm>. Users may reproduce forms individually or create facsimiles, if content, wording, formatting, and any coding remain consistent with these appendices.